



V. J. SKUTT, PRESIDENT
HOME OFFICE OMAHA, NEBRASKA

March 6, 1964

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[Redacted]
President
GEHA, Inc.
P. O. Box 463
Washington, D. C. 20044

Group Policy GMG-1799
Government Employees
Health Association

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[Redacted]
Our Actuarial Department has recently brought to my attention the results of their continuing study of our in-force group business. They pointed out in particular the developing trend of GMG-1799 toward an adverse loss ratio which, if it should continue, would necessitate a rate increase for your program effective November 1, 1964.

Studying this trend in greater depth seems to single out two primary causes for the adverse loss ratio:

1. Increasing costs of health care services, including hospital room and board and medical services, and
2. Greater utilization of the programs by both employees and dependents.

While such an increase is not a certainty at this time, we will, of course, continue to watch your program carefully and keep you advised of new developments as they occur.

Yours sincerely,

A. W. Randall
Vice President

AWR:MH

THE GREATEST NAME IN HEALTH INSURANCE!